Fig.1

Fig. 2

```
                                                                    70
        ┌──────────────────────────────────────────────┐
   ┌───▶│  Interview:  weightings and responses collected │◀─┐
   │    └──────────────────────────────────────────────┘
   │                          │
   │                          ▼                           72
   │    ┌──────────────────────────────────────────────┐
   │    │  Weightings and responses input into computer │◀─┐
   │    └──────────────────────────────────────────────┘
   │                          │
   │                          ▼                           74
   │    ┌──────────────────────────────────────────────┐
   │    │  Responses evaluated by computer              │◀─┐
   │    │  based on weightings                          │
   │    └──────────────────────────────────────────────┘
   │                          │
   │                          ▼                           76
   │    ┌──────────────────────────────────────────────┐
   │    │  Computer generated analysis reported         │◀─┐
   │    └──────────────────────────────────────────────┘
   │                          │
   │                          ▼                           78
   │              ╱─────────────────╲
   │     Yes     ╱   Compare          ╲
   └────────────┤   Scenarios?         ├◀─┐
                 ╲                    ╱
                  ╲─────────────────╱
                          │
                          │ No                80
                          ▼
                    ╭──────────╮
                    │   End    │◀─┐
                    ╰──────────╯
```
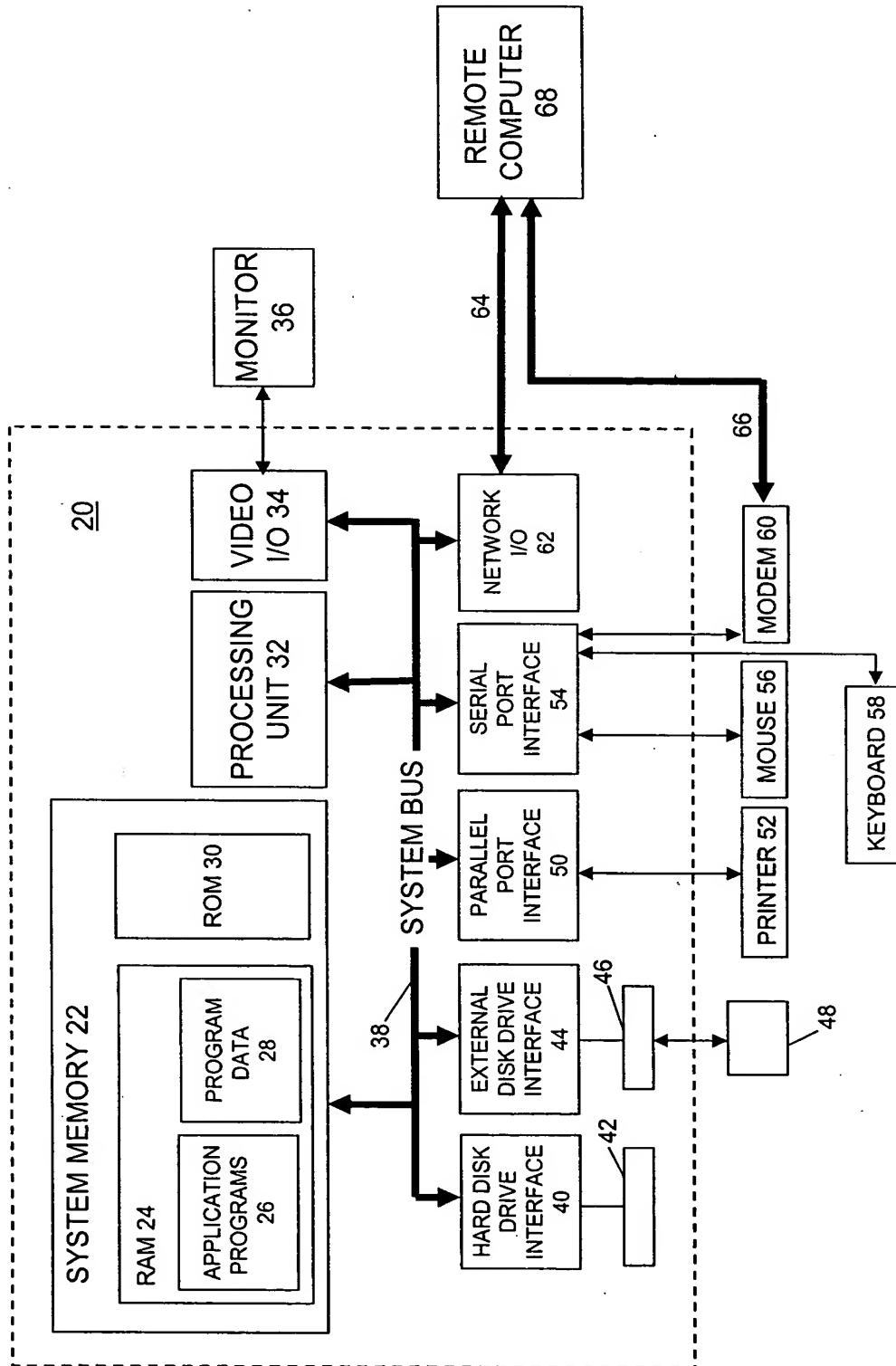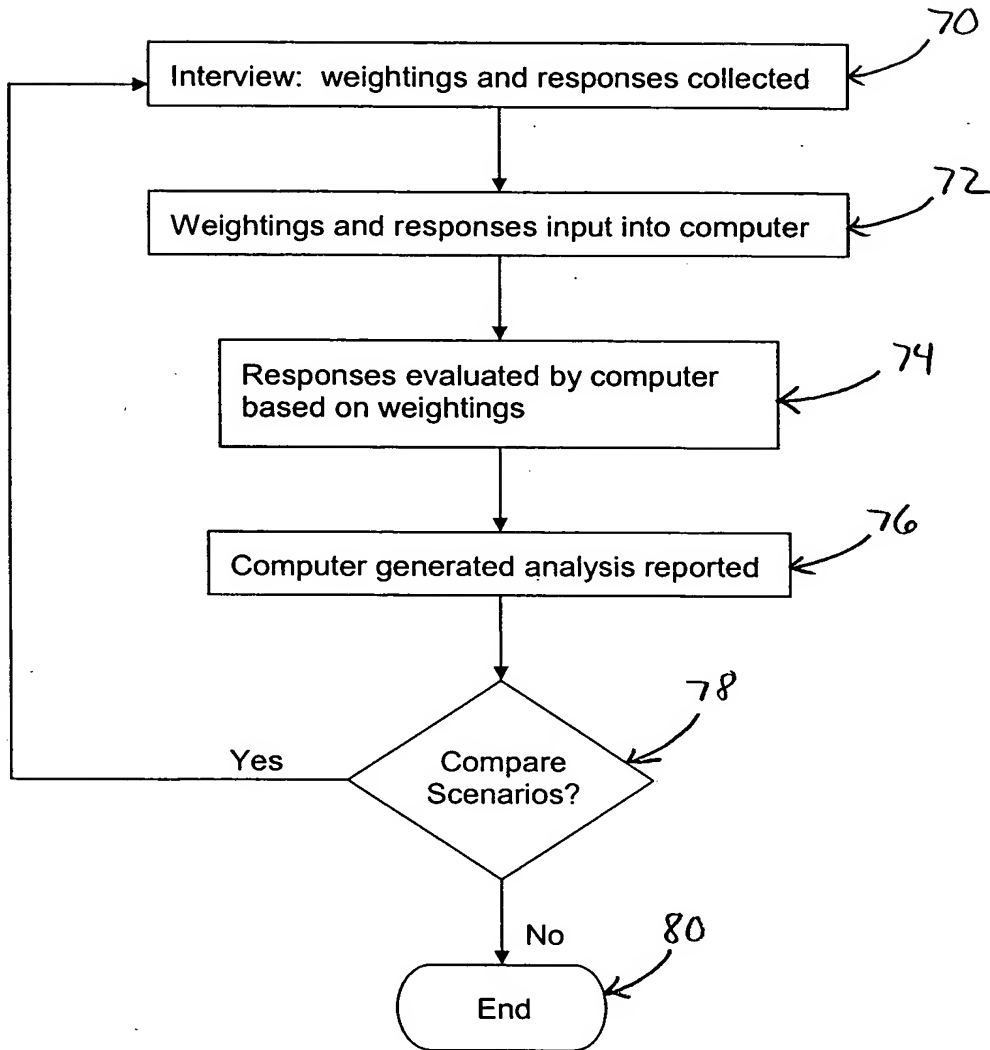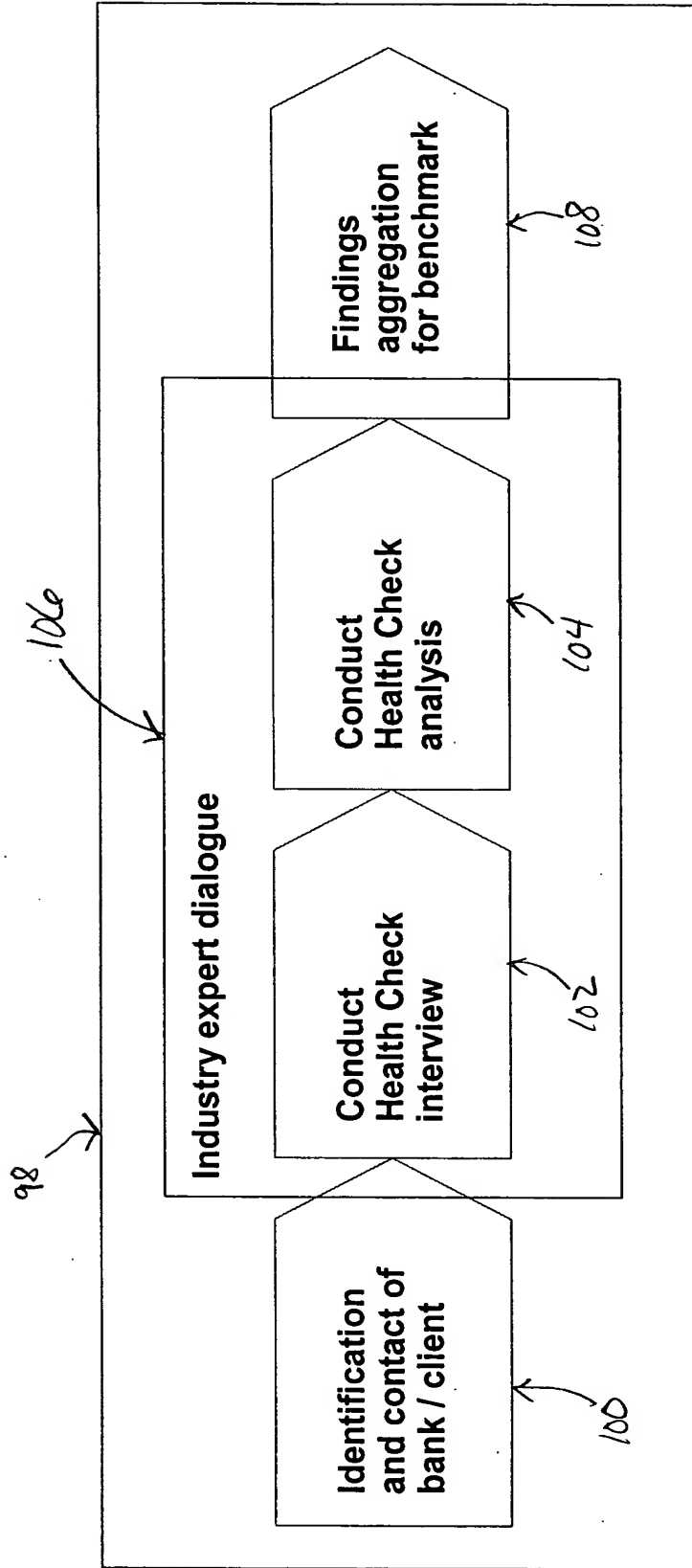
Fig 3.

High Level Procedure

Fig. 4

In order to assure a valuable evaluation of the client company situation, the client is asked to give subjective weightings
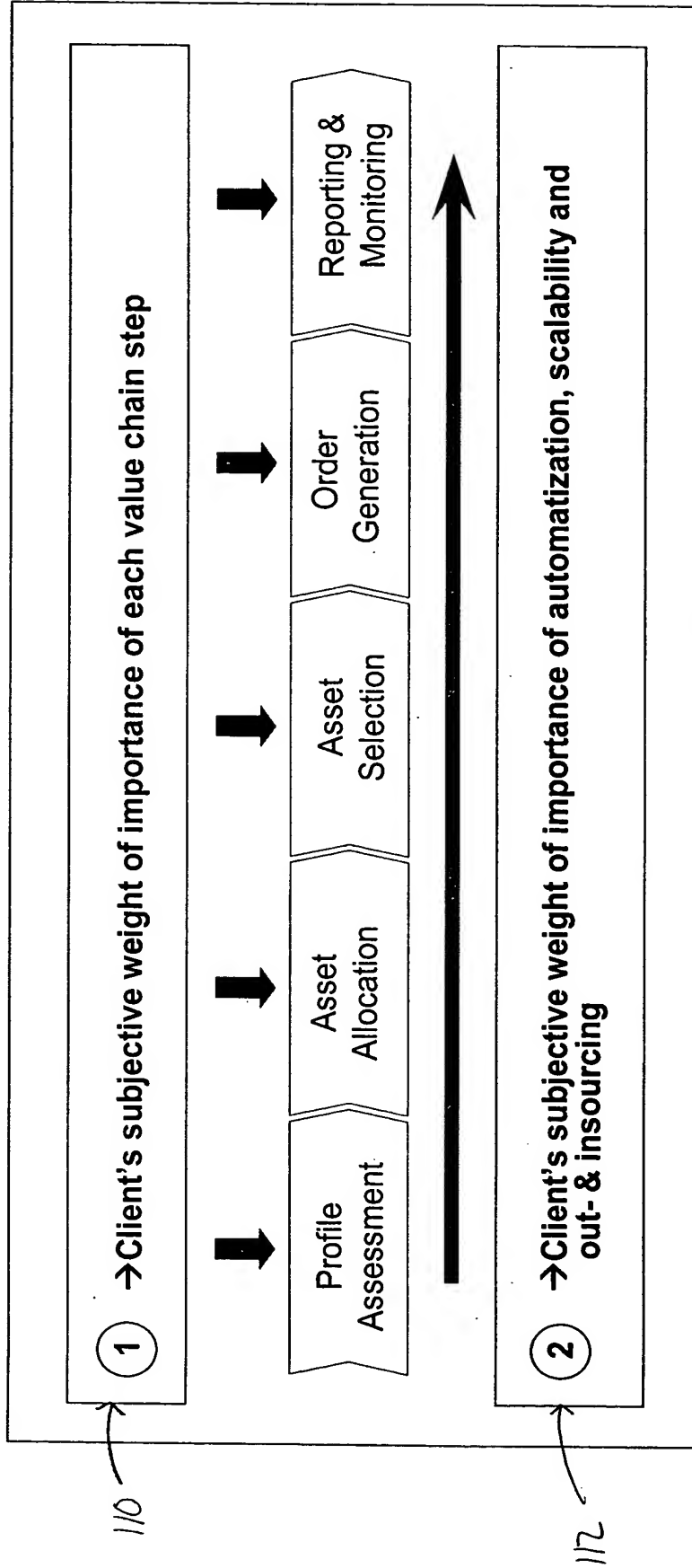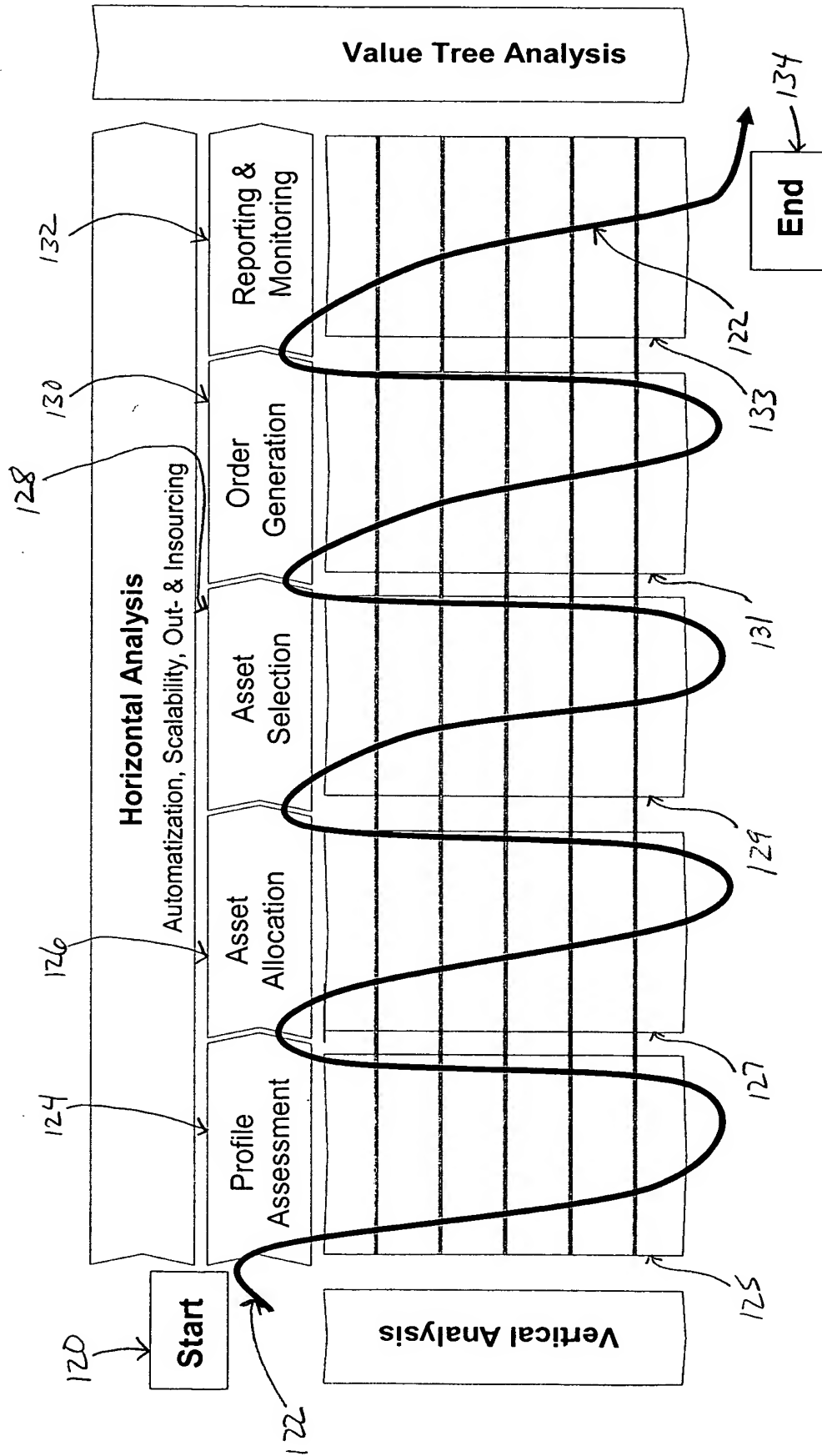
① →Client's subjective weight of importance of each value chain step

| Profile Assessment | Asset Allocation | Asset Selection | Order Generation | Reporting & Monitoring |

110

② →Client's subjective weight of importance of automatization, scalability and out- & insourcing

112

114

Fig. 5

Interview Path

Value Tree Analysis

Horizontal Analysis
Automatization, Scalability, Out- & Insourcing

| Profile Assessment | Asset Allocation | Asset Selection | Order Generation | Reporting & Monitoring |

Vertical Analysis

Start

End

120 122 124 126 128 130 132 134

125 127 129 131 133

Fig. 6

Analysis Path

Value Tree Analysis

148

150

End

142

Horizontal Analysis

Automatization, Scalability, Out- & Insourcing

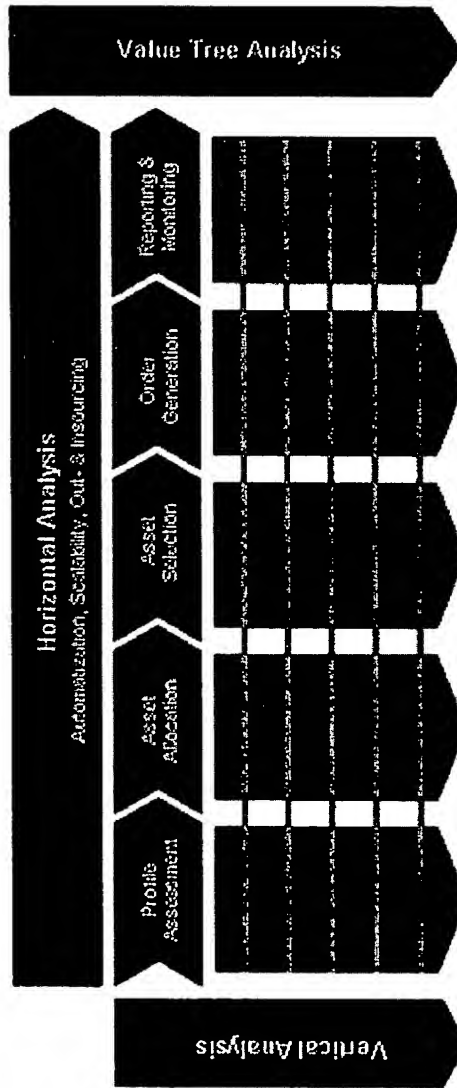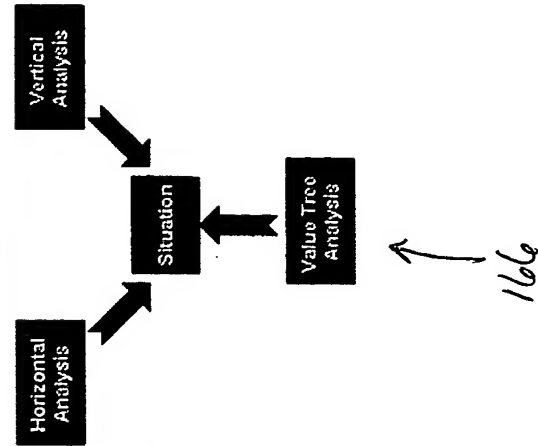| Profile Assessment | Asset Allocation | Asset Selection | Order Generation | Reporting & Monitoring |

146

142

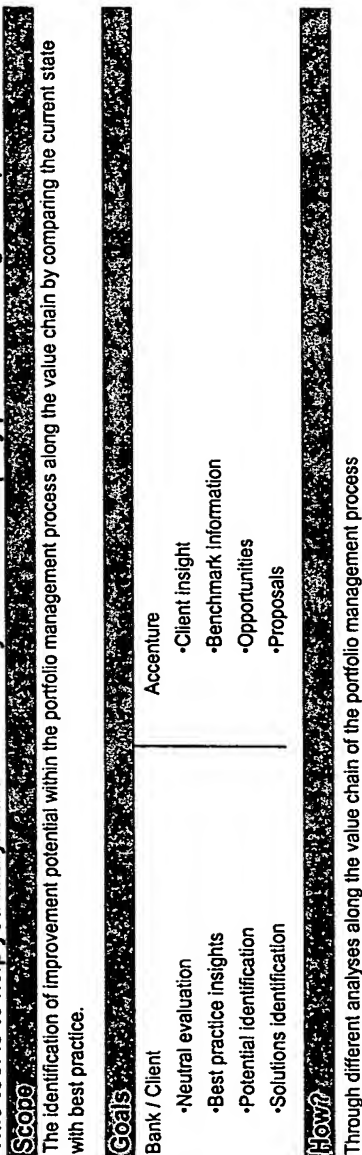**Vertical Analysis**

144

Start

146

Fig. 7

Welcome to the Portfolio Management Healthcheck!

This tool is to help you analyze the "health" of your client company portfolio management process.

Scope
The identification of improvement potential within the portfolio management process along the value chain by comparing the current state with best practice.

Goals

Bank / Client
- Neutral evaluation
- Best practice insights
- Potential identification
- Solutions identification

Accenture
- Client insight
- Benchmark Information
- Opportunities
- Proposals

How?
Through different analyses along the value chain of the portfolio management process

160

162

Situation

Vertical Analysis →

Horizontal Analysis →

← Value Tree Analysis

166

Value Tree Analysis

Horizontal Analysis
Automatization, Scalability, Out- & Insourcing

| Profile Assessment | Asset Allocation | Asset Selection | Order Generation | Reporting & Monitoring |

Vertical Analysis

164

Fig. 8A

Guide

This guide should help you in getting familiar with the tool. The below described 10 step process will help you using it in the most effective and efficient way.

Before bank / client meeting

Step 1: Read the "Guide" sheet in order to understand how you can get the most value out of the "Health Check".

Step 2: Read the "Welcome" sheet in order to get familiar with the three different dimensions of the analysis.

Step 3: On the "General Questions" sheet, answer all the questions for which you need no client interaction. They are marked with "acn".
This will require client research, plan time accordingly.

Step 4: Fill in the required information about the client and Accenture in the "Client Information" sheet.

176

During bank / client meeting
"Client Information" Sheet

Most of the information is acquired during the conversation with the client. The Accenture interviewer should be familiar with best practice within the portfolio management process in order to be able to rate the client appropriately. Whether the Accenture interviewer is entering the answers to the tool during or after the interview is not of any importance as long as the evaluations give a true picture of the client. Please note that all fields where data needs to be entered are highlighted in green.

Step 5: Enter the client's subjective rate of importance of each value chain step. This information will be considered during the analysis of the results.

Step 6: Enter the client's subjective rate of importance for automatization, scalability and out- & insourcing. This information will be considered during the analysis of the results.

Step 7: If additional useful information is given, please use the box for "comments" below.

172

"General Questions" Sheet

Step 8: Complete all the questions, which could not be answered prior to the interview.
This section should give Accenture a clearer picture on the client's current positioning in order to segment and cluster the client efficiently for the benchmark.

174

"Portfolio Assessment", "Asset Selection", "Asset Allocation", "Order Generation and Reporting & Monitoring" Sheet

Step 9: Fill in the evaluation for each question. A description on how the rating should be done is given at the end of each value chain step. The information captured will be automatically transferred into the result sheet where conclusions concerning the effectiveness and efficiency of the portfolio management process can be drawn. In order to go from one sheet to the other fell free to use the hyperlinked value chain on top. If desired, the client subjective rate of importance for each major question can be entered in the yellow column "Weight".

Step 10: In the "Additional Question" box at the bottom of the sheet, further questions to the client, which could be of importance for the analysis, can be included.

176

Sec Fig. 8B

Fig. 8B

See Fig. 8A

"Result I", "Result II" and "Result III" Sheet

Result I: Vertical Analysis: For each value chain step, the rating of some key factors is shown graphically. The rating is always done compared to best practice. The delta between the rating and the level of importance attributed to the value chain step allows to identify areas for improvement.

Result II: Horizontal analysis: The horizontal analysis shows the level of the client company concerning automatization, scalability and out- & insourcing within the five different value chain steps graphically. The delta between the rating and the level of importance attributed to the three criteria allows to identify areas for improvement.

Result III: Value tree analysis: With the value tree analysis realized and unrealized potential within the portfolio management process is being shown graphically. Furthermore, possible solutions for increasing the realized potential are shown.

178

"Benchmark Summary"

The benchmark summary will be used for future benchmark studies.

180

"Analysis"

This sheet is a dynamic page which is used for the analysis of the gathered data.

182

Fig. 9A

Client Information

Client	
Client company name	
Bank segment	
Name of interview partner	
Position of interview partner	
Please include accordingly, if several interview partners	
Date	
Location	
Occasion	
Additional Information	

190 →

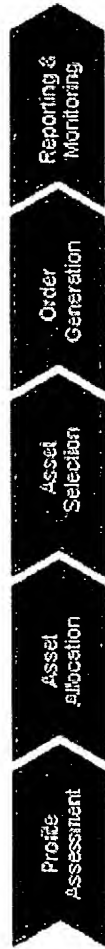| Accenture	
Accenture Interviewer	
Office	
Please include accordingly, if several interviewers	

192 →

See Fig. 9B

Fig. 9B

See Fig. 9A

Client: Weight of importance of each value chain step (Identification of Core Competencies)
Ask the client to subjectively rate the importance of each step of the value chain in the portfolio management process (vertical analysis). Please use the "Comments" box below.

The subjective client weights will be considered when the company is being evaluated as a whole. According to the weights given by the client, certain statements concerning the performance of the value chain steps in the portfolio management process will be made.

Evaluation:

| Profile Assessment | Asset allocation | Asset Selection | Order Generation | Reporting & Monitoring |

238

Value Chain Step	Weight of importance	Percentage
Profile Assessment	3	50%
Asset Allocation	1	0%
Asset Selection	3	50%
Order Generation	2	25%
Reporting & Monitoring	4	75%

194

Orientation for evaluation:	
1	Not relevant for Business Model
2	Low importance for Business Model
3	Medium importance for Business Model
4	Very important for Business Model
5	Critical for Business Model

Comments

See Fig. 9B

Fig. 9C

See Fig. 9B ↑

Client: Weight of importance of automatization, scalability and out- & insourcing

Ask the client to subjectively rate the importance of the following criteria (horizontal analysis). Please use the "Comments" box below.
The subjective weights will be taken into account during the horizontal analysis of the company. According to the weights given by the client, certain statements concerning the efficiency of the company will be made.

| Profile Assessment | Asset Allocation | Asset Selection | Order Generation | Reporting & Monitoring |

Issue	Weight of Importance				Percentage
Automatization				5	100%
Scalability			4		75%
Out- & insourcing		3			50%

9C →

Orientation for evaluation:
1   Not relevant for Business Model
2   Low importance for Business Model
3   Medium importance for Business Model
4   Very important for Business Model
5   Critical for Business Model

Comments

Fig. 10A

General Questions

This section is used for later efficient clustering and segmentation of the client company for benchmarking.

Question	Source	Answer

204 →

How is the bank / client organized?

Do they have a private banking sector?	acn	
Do they have a family office?	acn	
Do they have an asset management department?	acn	
Does the bank have a research unit?	acn	

Comments

206 →

What products are they offering?
What types of discretionary mandates are they offering?

Standard mandates	acn	
Special mandates (client individual weighting of asset classes and regions / industries)	acn	
Fund mandates	acn	
Other	int	

see Fig. 10B

Fig. 10B

See Fig. 10A

What types of advisory mandates are they offering?	
Active Advisory Mandates	acn
Advisory Mandates	acn
Administrative Mandates	acn
Other	int
What is the ratio between discretionary and administrative mandates?	acn/int
How many advisory mandates per relationship manager do they have?	acn
How many discretionary mandates per relationship / portfolio manager do they have?	acn

Comments

208

See Fig. 10C

What is the structure of the assets?	
How much assets under management do they have?	acn
Private Banking	acn
Family Office	acn
Asset Management	acn
How many mandates do they have?	acn/int
Private Banking	acn/int
Asset Management	acn/int
What is the average size of a mandate?	acn/int
Private Banking	acn/int
Asset Management	acn/int

Fig.10C

see Fig.10B

Comments

210 → Do you know how much each customer costs you in each value chain step?

Profile Assessment	int
Asset Allocation	int
Asset Selection	int
Order Generation	int
Reporting & Monitoring	int

Comments

212 → Do you know how much you earn per customer in each value chain step?

Profile Assessment	int
Asset Allocation	int
Asset Selection	int
Order Generation	int
Reporting & Monitoring	int

see Fig.10D

See Fig. 10c

Fig. 10D

Comments	

Distribution — 214

What is the relation of online / physical mail / personal contact distribution?	int
How high is IT-spending? (maintenance, development)	int
How long does it take you to introduce a new product on the market?	int

Comments	

What kind of software solutions do you have? — 216

What backoffice software solution do you use?	int
Do you use a self-developed software solution ?	int
Do you use an externally bought software solution? If yes, which one?	int

Comments	

int: Information captured during interview

acn: Information captured prior to the interview

Fig. 11A

Value Chain Step: Profile Assessment

Overall statement: The client profiling allows to reflect client needs

Statement	Additional Questions	Questions	Comments	Solution	Evaluation (1,2,3,4,5)	Percentage (for calculation use only)	Weight	Weighted %	Weight of importance specified by client (optional)
Your assessment of the client's risk/return profile and specific preferences and constraints allows an effective investment	Are risk and return being evaluated?	Are you assessing the risk profile of your clients?	CRM (client profiling)		5	100%		33%	50%
		Are you assessing your client's tolerance to accept short term losses?							
		Are you using scenarios in order to assess your client's risk profile?							
		Do you take the customers earlier investment behavior into account?							
		Are you conducting behavioral profiling (e.g. conservative investor with 5% invested in derivatives)							
		Are you considering liquidity preferences of your client?							
		Are you considering the earnings expectations of your clients?							
		Are you assessing the client's investment horizon?							
	Are client restrictions and preferences considered for the profiling?	Are you considering client specific preferences (e.g. overweight biotech) and constraints (e.g. no tobacco)?			5	100%		33%	33%
		Are you asking your clients, how they want to reinvest their capital income? (Reinvestment)							
		Are you taking the client's tax implications into account?							
	Can you reflect different investment styles in one client profile?				5	100%		33%	33%
Result Statement									100%

See Fig. 11B

Fig. 11B

See Fig. 11A

See Fig. 11C

Statement	Question	Detail questions	Solution	#				
					0%	0%	100%	0%
Specific life-cycle events are considered (242)	Are personal events considered for the profiling?	Are you considering family planning? Are you considering housing? Are you considering retirement? Are you considering succession? Are you considering other significant expenditures (car, boat, racing horse, etc.)?	CRM	1				
Result Statement 2					0%	50%	50%	0% → 243
					0%	0%	50%	0%
You have a comprehensive capital value insight of your clients (share the valet) (244)	Do you take a holistic view on the clients financial situation? (real estate, stakes in businesses, art, life insurance, liquid assets, investment portfolios, income, regular spending, cash flow, taxation, expensive consumer goods (current and		CRM	1				
	Do you get capital insight from other institutes and banks?		Stackbox	2	25%	25%	50%	13%
Result Statement 3					25%	50%	50%	13% → 245
					13%	25%	50%	13%
The client insight allows you to maximize return (246)	Are you aware of how much you can earn with your clients (profitability)?	Do you know the costs generated by each activity you are performing? Do you know how much of these activities your clients are consuming? Do you know with what activities you are providing value to your clients? Do you know for what services your clients have to pay? Are you adjusting the service level according to the turnover you generate with a customer?	ABC Improved Pricing	2				
	Are you using cross-selling opportunities? If yes, which ones? (Answer in Column		CRM	3				
Result Statement 4					50%	50%	50%	38% → 247
					50%	50%	100%	50%
You have reached a high level of automatization (248)	Do you consider your client profiling as being highly automated?	Which software solutions do you use? To what extent are these solutions being used? (Answer in Column "Comments")	Re-engineering	3				
Result Statement 5					50%	100%	100%	50% → 249
					75%	100%	100%	75%
Your current process has a high degree of scalability (256)	Do you consider your client profiling process as being highly scalable?		Re-engineering	4				
Result Statement 6					75%	100%	100%	75% → 251
					25%	100%	100%	25%
Your client profile is being reassessed periodically (252)	How frequently are you reassessing your client's profile?	Is performance data used for reassessing the profile? Do you reassess the profile periodically according to the life stage?	CRM	2				
Result Statement 7					25%	100%	100%	25% → 253
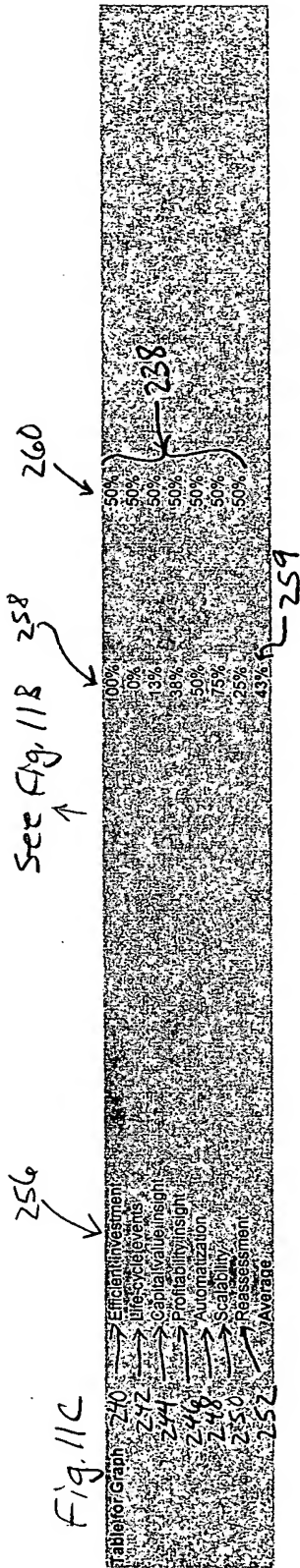
Fig. 11C

Table for Graph

240 → Efficient investment
242 → Life-cycle events
244 → Capital value insight
246 → Profitability insight
248 → Automation
250 → Scalability
252 → Reassessment
Average

256
258
260
238
259

See Fig. 11B

100%
0%
13%
38%
50%
75%
25%
43%

50%
50%
50%
50%
50%
50%

Additional Questions:
In this section questions of interest and answers which could not be stated in the questionnaire are to be included

Questions & Comments
262

How to do the evaluation appropriately: The interviewer has to make sure he is evaluating the client concerning each particular question according to best practice. The interviewer has to make sure he is evaluating the client concerning each particular question according to best practice.
Not considered within firm.
1. Client's level: low.
2. Client's level: medium.
3. Client's level: above average.
4. Client's level: above average.
5. Client's level: best practice.
264

Fig. 12A

Value Chain Step: Asset Allocation

Overall statement: The asset allocation generates an efficient performance/risk structure taking the client profile into account

Statement	Questions	Additional Questions	Comments	Solution	Evaluation (1,2,3,4,5)	Percentage (for calculation use only)	Weight Weight of importance specified by client (optional)	Weighted %
You are able to translate the customer profile accurately into a customer specific asset allocation	Does your asset allocation take the client profile into account?	Are you considering the risk profile of a client?		CRM/PMS	2	25%		25%
		Are you considering the investment horizon(s) of a client?		CRM/PMS				
		Are you taking client constraints and preferences into account?		CRM/PMS				
		Are you taking tax aspects into account?		CRM/PMS				
		Is the performance expectation taken into account at this point of time?				100%	0%	
		Are you able to aggregate accounts when making asset allocation decisions?		Aggregation Tool				
Result Statement						25%		25%

Fig. 12B

Fig. 12B

See Fig. 12A

								10%
Your asset allocation decisions contribute to an above average performance and are efficient	To what extent would you agree with the statement that your Strategical Asset Allocation and Tactical Asset Allocation processes contribute to an above average return?	How would you rate the quality of your internal research?				50%	20%	
		Are you using third party research?	Third Party Research	3				
		If yes, are you able to measure the improvment?	Reengineering (no AA decisions by PM) Training	3		50%	20%	10%
		Are you considering the diversification attributes and types of the asset allocation? - markets - sectors	PMS (incl. Risk Mgmt)	4		75%	20%	15%
	Does the liberty you give to your portfolio managers lead to a higher portfolio performance?	How would you assess the quality of your models?	Simulation Tools Reengineering of Asset Allocation Process	5		100%	20%	20%
		Are you using simulation models?						
		Are you considering alternative investments and structured products in your asset allocation?						
		Are you considering Hedge Funds?		2		25%	20%	5%
		Are you considering Seperate Accounts?						
		Are you considering Private Equity?						
Result Statement 2								60%

See Fig. 12C

↑ 336

You have considered in-outsourcing options	Have you considered in-and outsourcing options?	Are you considering in-and outsourcing the asset allocation as one of your core competencies?		4		75%	100%	75%
		Have you already considered selling your asset allocation to third parties?	insourcing					
		Have you already considered buying your asset allocation from third parties?	outsourcing					
Result Statement 3								75%

↑ 322

You have reached a high level of automatization	Do you consider your asset allocation process as being highly automated?	Are you able to generate an asset allocation, which is based on the client profile, online?	CRM/PM Tool Process Reengineering	4		75%	100%	75%
		What is the level of manual intervention, if the weights of the asset allocation need to be modified?						
		Which software solutions do you use? To what extent are these solutions being used? (Answer in Column "Comments")						
Result Statement 4								75%

Fig. 12C

See Fig. 12B

Table for Graph

336
322

Additional Questions:
In this section questions of interest and answers which could not be stated in the questionnaire are to be included

Questions & Comments

Fig. 13A

Value Chain Step: Asset Selection

Overall statement: The asset selection generates an efficient return / risk structure taking the client profile into account.

Statement	Questions	Additional Questions	Comments	Solution	Evaluation (1,2,3,4,5)	Percentage (for calculation use only)	Weight Weight of importance specified by client (optional)	Weighted %
The asset selection takes the client profile into account	Does your asset selection take the client profile into account?	Are you taking the client's risk tolerance into consideration? i.e. comparison between risk tolerance and risk parameters (VaR, Beta, Modified Duration, etc.)		CRM/PM Tool	5	100%	100%	100%
		Are you taking the client's investment horizon into consideration? Example: Alignment of time horizon and duration (portfolio immunization)						
		Does your asset selection reflect whether the client is looking for growth or income?						
		Are you taking tax aspects into consideration? (e.g. municipal bonds vs. corporate bonds for US)						
		Are you taking client constraints and preferences into account?						

Result Statement 1   100%

Statement	Questions	Additional Questions	Comments	Solution	Evaluation (1,2,3,4,5)	Percentage	Weight	Weighted %
High research quality allows you to generate an above average investment performance (bottom-up securities selection)	Does your research allow you to generate above market returns?	To what extent would you agree with the statement that your fundamental research allows to generate above market returns?		Training Hiring	3	50%	100%	50%
		To what extent would you agree with the statement that your technical research allows to generate above market returns?						
		How independent is research from banking decisions?		External Research				
		Are you using external research?						

Result Statement 2   50%

Weight of importance specified by client (optional): 50%

See Fig. 13B

Fig. 13B

See Fig. 13A

See Fig. 13C

Statement	Question	Category	#			
The quality of your risk management (diversification) optimizes the efficiency of the portfolio (top down security selection)	Are you considering the impact of diversification when selecting securities?	PMS (Incl. Risk Mgmt)	4	75%	50%	38%
	Are you calculating the impact on the variance (risk) and the return?					
	Are you calculating the impact on the VaR (Value at Risk)?					
	Are you using portfolio models?					
	Are you considering hedging transactions for reducing the exposure?		2	25%	50%	13%
Result Statement 3					50%	50%
Asset Selection reflects customer interests	Are you offering your clients third party products?	Open Product Platform	4	75%	50%	38%
	Are you using funds for asset classes with small weights?		5	100%	50%	50%
Result Statement 4					88%	88%
Your asset selection process is efficiently organized	Is your asset selection process centralized? (i.e. who is performing the asset selection - portfolio manager,	Reengineering	2	25%	100%	25%
Result Statement 5					25%	25%
You have considered in-outsourcing options	Have you considered in-and outsourcing options?		1	0%	100%	0%
338	Are you considering the asset selection as one of your core competencies?					
	Have you already considered selling your asset selection to third parties?	insourcing				
	Have you already considered buying your asset selection from third parties?	outsourcing				
Result Statement 6					0%	0%
You have reached a high level of automatization	Do you consider your asset selection as being highly automated?	CRM/PM Tool	2	25%	100%	25%
324	Is your asset selection process supported by model portfolios?					
	Are you able to generate an asset selection (investment proposal), which is based on the client					
	Which software solutions do you use? To what extent are these solutions being used? (Answer in Column "Comments")					
Result Statement 7					25%	25%

Fig. 13C

See Fig. 13B ↑

Table for Graph

Client profile considered	100%	50%
Research quality	50%	50%
Risk mgmt quality	50%	50%
Customer interest considered	88%	50%
Organization	25%	50%
In Outsourcing	0%	50%
Automatization	25%	50%
Average	48%	

338 →
324 →

Additional Questions:
In this section questions of interest and answers which could not be stated in the questionnaire are to be included

Questions & Comments

How to do the evaluation appropriately. The interviewer has to make sure he is evaluating the client concerning each particular question according to best practice.
1. Not considered within firm
2. Client's level: low
3. Client's level: medium
4. Client's level: above average
5. Client's level: best practice

Fig. 14A

Value Chain Step: Order Generation

Value Chain Step	Idea Generation	Asset Allocation	Asset Selection	Order Generation	Order Handling

Statement	Questions	Additional Questions	Comments	Solution	Evaluation (1,2,3,4,5)	Percentage (for calculation use only)	Weight	Weight of importance specified by client (optional) 25%	Weighted %

Overall statement: You have reached a high efficiency in the order generation

Bottom-up order generation (for single instruments) can be done efficiently for single portfolios	Does your portfolio management system allow you to generate orders based on predefined criteria?	Does it allow you to specify a given quantity to buy / sell?	PMS		4	75%	100%	75%
		Does it allow you to specify a % of the portfolio you want to buy / sell?						
		Does it allow you to specify a given target quantity in the portfolio?						
		Does it allow you to specify a target % of the portfolio?						
		Does it allow you to switch instruments (buy instr. A and sell instr. B)						
		Does it allow you to handle block trades?						

| Result/Statement | | | | | | | | | 75% | 75% |

see Fig. 14B

Fig. 14B

See Fig. 14A

See Fig. 14C

		PMS		50%	25%
Bottom-up order generation (for single instruments) can be done efficiently for groups of portfolios (automatization)	Does your portfolio management system allow you to generate portfolio specific orders based on predefined criteria?	Does it allow you to specify a given quantity to buy / sell?		50%	25%
		Does it allow you to specify a % of the portfolio you want to buy / sell?			
		Does it allow you to specify a given target quantity in the portfolio?			
		Does it allow you to specify a target % of the portfolio?			
		Does it allow you to switch instruments (buy instr. A and sell instr. B)			
	Does your portfolio management system allow you to allocate a global order to individual portfolios according to different criteria?	Does it allow you to make an allocation according to the portfolio market value?	3	50%	25%
		Does it allow you to make an equal percentage allocation?			
		Does it allow you to make an allocation according to existing positions (for sell)?			
Result Statement(2)					50%

		PMS		50%	38%
Top-down order generation (for groups of instruments) can be done efficiently for single portfolios	Is your portfolio management system capable of generating orders based on a comparison between the actual positions and the model portfolio?		4	75%	38%
	Is your portfolio management system capable of generating orders based on a recommendation list?		3	50%	25%
Result Statement(3)					63%

		PMS		50%	25%
Top-down order generation (for groups of instruments) can be done efficiently for groups of portfolios (automatization)	Is your portfolio management system capable of generating orders for a group of portfolios, based on a comparison between the actual positions and the model portfolio?		3	50%	25%
	Is your portfolio management system capable of generating orders for a group of portfolios, based on a recommendation list?		2	25%	13%
Result Statement(4)					38%

Fig. 14C

See Fig. 14B

Efficient order processing	How efficient is your order processing?	PMS/OMS		0%	100%	0%
	Are you aggregating single orders to block					
	Are you netting buy and sell transactions?					
	Are block orders automatically allocated to portfolios?					
	Are you optimizing your order size to prevent market influence?					
Result Statement 5						0%
You have reached a high level of automatization ← 326	What is the level of manual intervention in your order generation process (for modifying the price, quantity, etc.)? (Answer in Column "Comments")		4	75%	100%	75%
Result Statement 6						75%
You have a high degree of scalability ← 332	Do you consider your current solution as being highly scalable?		3	50%	100%	50%
Result Statement 7						50%

Table for Graph:
- Bottom-up/single port! — 75% 25%
- Bottom-up/group of port! — 50% 25%
- Top-down/single port! — 63% 25%
- Top-down/group of port! — 38% 25%
- Netting — 0% 25%
- 326 → Automatization — 75% 25%
- 332 → Scalability — 50% 25%
- Average — 50%

Additional Questions:
In this section questions of interest and answers which could not be stated in the questionnaire are to be included
Questions & Comments

How to do the evaluation appropriately. The interviewer has to make sure he is evaluating the client concerning each particular question according to best practice:
1 Not considered within firm
2 Client's level: low
3 Client's level: medium
4 Client's level: above average
5 Client's level: best practice

Fig. 15A

Value Chain Step: Reporting & Monitoring

Overall statement: You are having "best in class" monitoring and reporting capabilities

Weight of importance specified by client (optional): 75%

Statement	Additional Questions	Comments	Solution	Evaluation (1,2,3,4,5)	Percentage (for calculation use only)	Weight	Weighted %
Client Reporting							
You are having a comprehensive client reporting	Are you using multiple channels to keep your customers informed?			2	25%	10%	3%
	Are you using mailing?		Reporting Tool				
	Are you using the internet?			3	50%	10%	5%
	Are you providing information on the actual holdings?						
	...on the portfolio market value?						
	...on the market value of asset classes, regions, sectors, time to maturity buckets?						
	...on positions (mkt value, buy price, current price, Beta, duration, etc.)?			4	75%	10%	8%
	Are you providing information on the transactions that took place during the reporting period?						
	Are you making a liquidity projection?			2	25%	10%	3%
	Are you providing information on the performance?			4	75%	10%	8%
	... on the portfolio performance?						
	... on the performance of asset classes, regions, sectors, time to maturity buckets?						
	... on positions?						
	... by comparing against the benchmark?						
	... by making a performance attribution (market timing, stock picking, cross effect)?						
	... by differentiating between before and after tax performance?						
	... by considering speculation tax?						
	... by differentiating between before and after fee performance?						
	Are you able to aggregate accounts?			1	0%	10%	0%
	Are you able to split funds?			2	25%	10%	3%
	Are you pointing out risk factors?			3	50%	10%	5%
	Are you using charts to illustrate the results?			4	75%	10%	8%
	Are you using text to support the results?			5	100%	10%	10%
Result Statement							50%

see Fig. 15B

Fig. 15B

see Fig.15A

		Reporting Tool				
You are having a customized client reporting	Are you able to define the report content and frequency based on customer requirements?		4	75%	50%	38%
	Are you providing the customer with research material which corresponds to		3	50%	50%	25%
Result Statement 2						63%

		Pricing / Fee Model				
Your client reporting assures profitability	Are your reporting price schedules in line with the income generated with a		2	25%	100%	25%
Result Statement 3						25%

Internal Monitoring

		PMS				
You are having an effective and efficient compliance monitoring	Are you able to monitor the investments of the portfolio managers?		2	25%	50%	13%
	Are you able to control whether defined asset allocations are respected?					
	Are you able to control whether defined model portfolios are respected?					
	Are you able to control whether defined client, bank and legal constraints are respected?					
	Is the level of manual intervention in your compliance controlling low?		4	75%	50%	38%
Result Statement 4						50%

		PMS				
You are having an effective and efficient performance monitoring	Are you able to assess the performance of the tactical asset allocation committee (by comparing against the strategical asset allocation)?		3	50%	25%	13%
	Are you able to assess the performance of the portfolio managers?		3	50%	25%	13%
	Are you able to measure performance at different levels (portfolio, asset allocation, position)?		2	25%	25%	6%
	Are you able to make a performance attribution (market timing, stock picking, cross effect)?					
	What is the level of manual intervention in your performance monitoring?		4	75%	25%	19%
Result Statement 5						50%

Comprehensive Statements

You have considered in- and outsourcing options	Have you considered in-and outsourcing options?		1	0%	0%	0%
	Are you considering reporting as one of your core competencies?					
	Have you already considered selling your reporting capabilities to third parties?	insourcing				
	Have you already considered buying your reporting capabilities from third parties?	outsourcing				
Result Statement 6						0%

340

see Fig.15C

FIg. 15C

See Fig. 15 B

	Do you consider your level of automatization as high?	What level of manual intervention is required for client reporting?	2	25%	100%	25%
Your monitoring and reporting processes are highly automated	328	What level of manual intervention is required for compliance monitoring?				
		What level of manual intervention is required for performance monitoring?				
		Is a centralized repository feeding the reporting?				
		Which software solutions do you use? To what extent are these solutions being used? (Answer in Column "Comments")				
Result Statement 7:					25%

	Do you consider your current reporting and monitoring capabilities as being highly scalable?	3	50%	100%	50%
You have a high degree of scalability 334					
Result Statement 8:				50%

Table for Graph

Comprehensive client reporting: 50% 75%
Customized client reporting: 63% 75%
Profitable client reporting: 25% 75%
Effective compliance monitoring: 50% 75%
Effective performance monitoring: 50% 75%
In Outsourcing: 10% 75%
Automatization: 25% 75%
Scalability: 50% 75%
Average: 39%

340
328
334

Additional Questions:
In this section questions of interest and answers which could not be stated in the questionnaire are to be included
Questions & Comments

How to do the evaluation appropriately: The interviewer has to make sure he is evaluating the client concerning each particular question according to best practice:
1 Client's level low
2 Client's level medium
3 Client's level above average
4 Client's level best practice

(Not considered within firm)

Fig. 16.

Health Check Results I - Vertical Analysis

Profile Assessment

Asset Allocation

Asset Selection

Order Generation

Reporting & Monitoring

Legend

High improvement potential
Medium improvement potential
Low improvement potential

Result
Importance
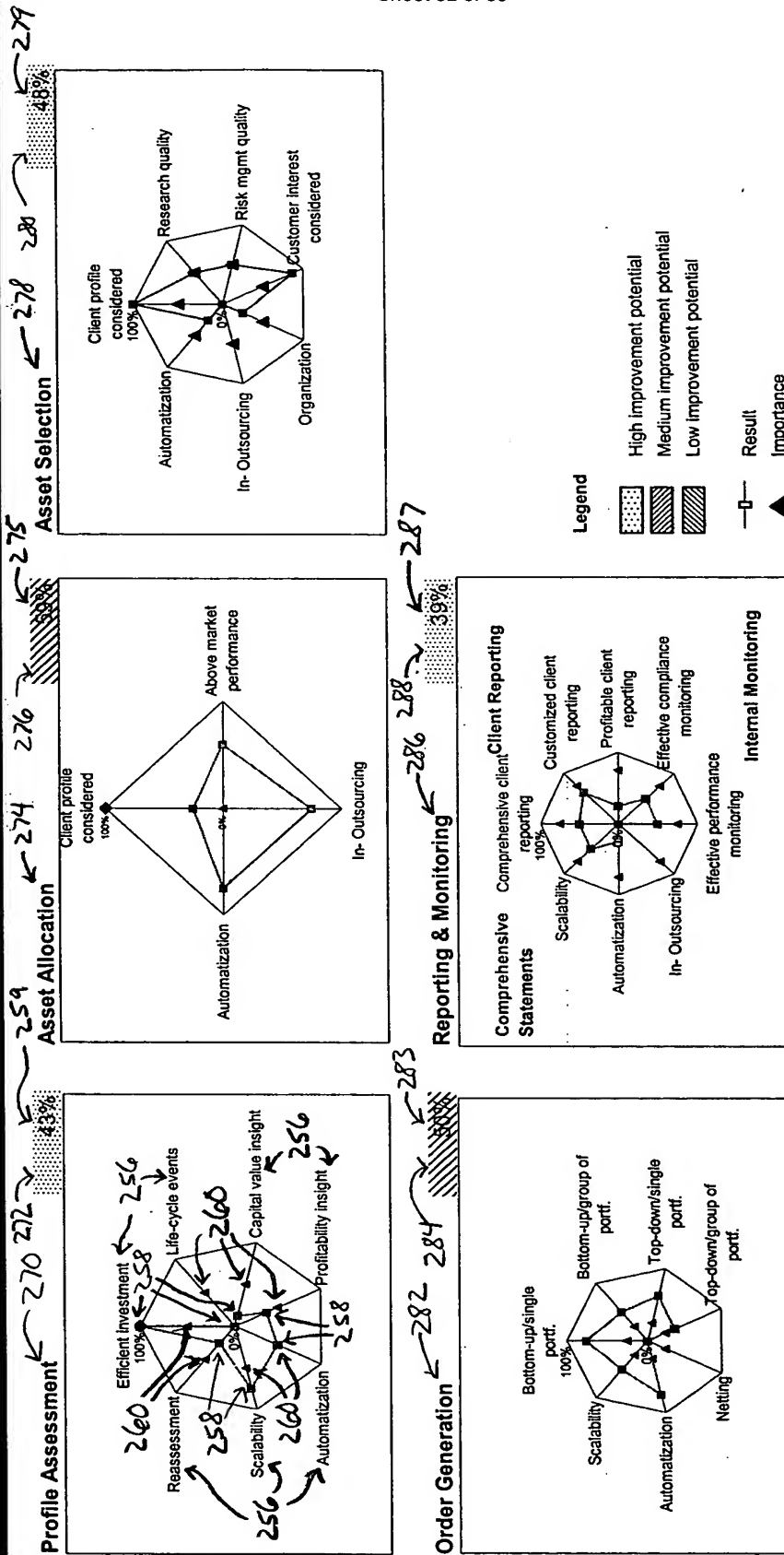
Fig. 17

Health Check Results II - Horizontal Analysis
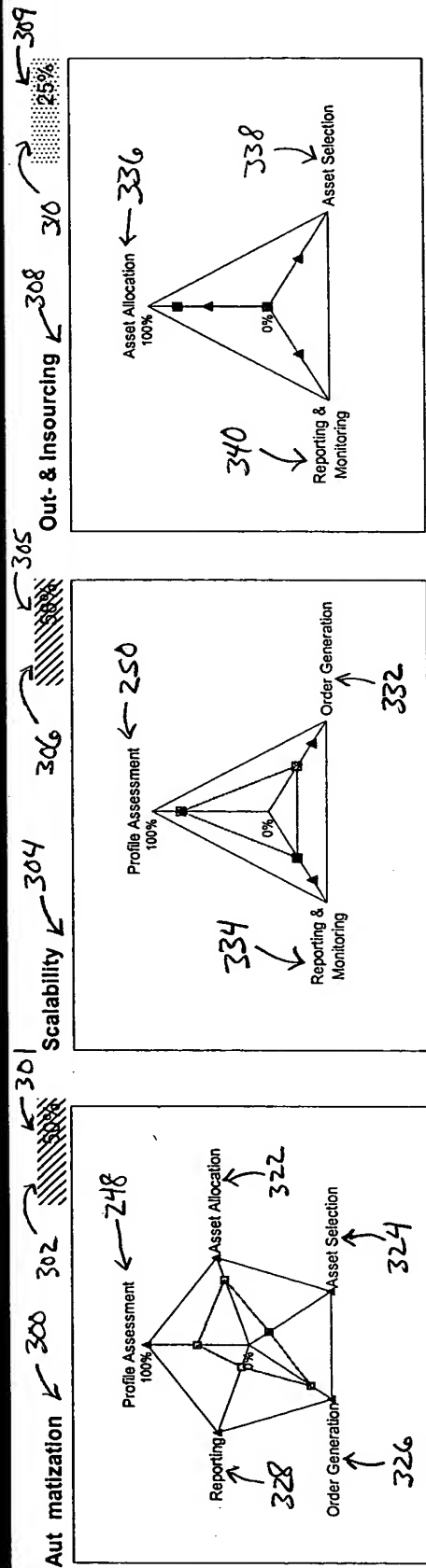
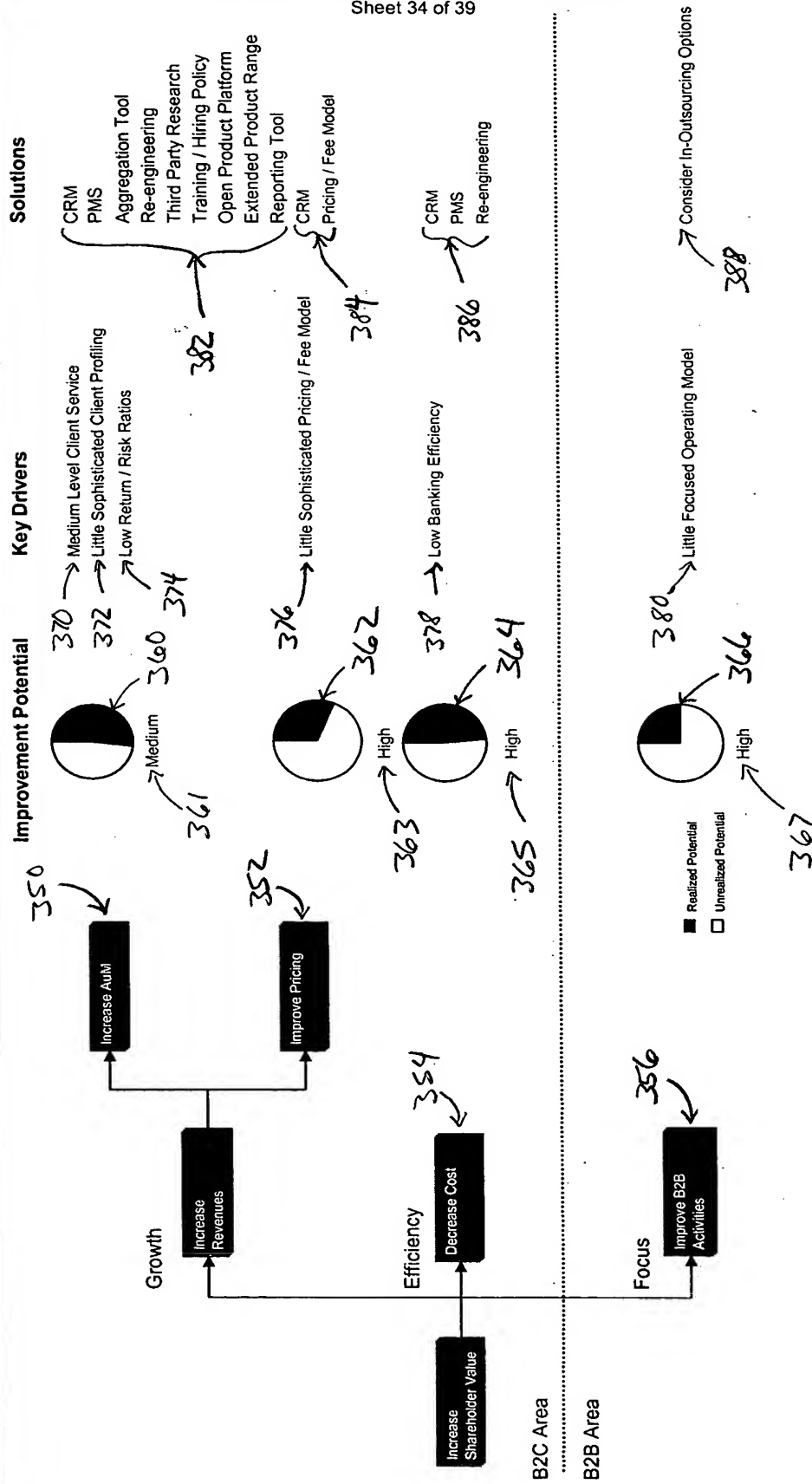Fig. 18

Health Check Results III - Value Tree Analysis

Fig. 19

Benchmark

	Data Capture	Benchmark
Profile Assessment		
Efficient investment	100%	
Consideration of life-cycle events	0%	
Capital value insight	13%	
Profitability insight	38%	
Automatization level	50%	
Scalability	75%	
Reassessment	25%	
Asset Allocation		
Client profile considered	25%	
AA leads to above mkt performance	60%	
In- Outsourcing options considered	75%	
Automatization level	75%	
Asset Selection		
Client profile considered	100%	
Level of research quality	50%	
Level of risk mgmt quality	50%	
Customer interest considered	88%	
Efficient organization	25%	
In- Outsourcing options	0%	
Automatization level	25%	
Order Generation		
Bottom-up / single portfolios	75%	
Bottom-up / group of portfolios	50%	
Top-down / single portfolios	63%	
Top-down / group of portfolios	38%	
Order Processing	0%	
Automatization level	75%	
Scalability	50%	
Reporting & Monitoring		
Comprehensive client reporting	50%	
Customized client reporting	63%	
Profitable client reporting	25%	
Effective compliance monitoring	50%	
Effective performance monitoring	50%	
In- Outsourcing options	0%	
Automatization level	25%	
Scalability	50%	

Fig. 20A

Value Tree

Data for Graph

Increase AuM ←350 ←400

Value Chain Step	Statement	Evaluation	Key Services/Competences
	←462	←404	←406
Profile Assessment	Risk/Return profile, preferences & constraints	100%	100%	Client Profiling
	Life Cycle Events	0%	100%	
	Capital Value Insight	13%	100%	
	Performance Data used for reassessment	25%	100%	
Asset Allocation	Customer profile used for AA	25%	100%	Risk/Return Ratios
	Above average performance	60%	100%	
Asset Selection	Client profile taken into account	100%	100%	Client Profiling
	High research quality	50%	100%	Risk/Return Ratios
	Risk management (diversification)	50%	100%	
	Customer interests	88%	100%	Client Service
Reporting & Monitoring	Comprehensive reporting	50%	100%	
	Customized reporting	63%	100%	
	Compliance Monitoring	50%	100%	
	Performance Monitoring	50%	100%	
		723%	1400%	←468
		52%	48%	←410 →360

Improve Pricing ←352

Value Chain Step	Statement	Evaluation	Key Services/Competences
Profile Assessment	Client Insight / Maximize returns	38%	100%	Pricing / Fee Model
Reporting & Monitoring	Profitable reporting	25%	100%	
		63%	200%	
		31%	69%	→362

See Fig. 20B

Fig. 20B

Decrease Operation Expense ← 354

see Fig. 20A

			Banking Efficiency
Profile Assessment	Automatization	50%	100%
	Scalability	75%	100%
Asset Allocation	Automatization	75%	100%
Asset Selection	Efficient organization	25%	100%
	Automatization	25%	100%
Order Generation	Bottom-up / single portfolios	75%	100%
	Bottom-up / group of portfolios	50%	100%
	Top-down / single portfolios	63%	100%
	Top-down / groups of portfolios	38%	100%
	Order processing	0%	100%
	Automatization	75%	100%
	Scalability	50%	100%
Reporting & Monitoring	Automatization	25%	100%
	Scalability	50%	100%
		675%	1400%
		48%	52%

← 364

Improve Capital Efficiency ← 356

see Fig. 20C

			Focused Operating Model
Asset Allocation	In-outsourcing	75%	100%
Asset Selection	In-outsourcing	0%	100%
Reporting & Monitoring	In-outsourcing	0%	100%
		75%	300%
		25%	75%

← 366

Fig. 20B

See Fig. 20B

Data for Improvement Potential and Key Drivers — 436 (434)

	Effectivity	Min	Max	Key Drivers
420 →	60%	75%	100%	High Level Client Service
		50%	75%	Medium Level Client Service
		0%	50%	Low Level Client Service — 370
422 →	48%	75%	100%	Highly Sophisticated Client Profiling
		50%	75%	Semi Sophisticated Client Profiling
		0%	50%	Little Sophisticated Client Profiling — 372
424 →	46%	75%	100%	High Return / Risk Ratios
		50%	75%	Medium Return / Risk Ratios
		0%	50%	Low Return / Risk Ratios — 374
426 →	51% Total			
428 →	31%	75%	100%	Sophisticated Pricing / Fee Model
		50%	75%	Semi Sophisticated Pricing / Fee Model
		0%	50%	Little Sophisticated Pricing / Fee Model — 376
430 →	48%	75%	100%	High Banking Efficiency
		50%	75%	Medium Banking Efficiency
		0%	50%	Low Banking Efficiency — 378
432 →	25%	75%	100%	Highly Focused Operating Model
		50%	75%	Semi Focused Operating Model
		0%	50%	Little Focused Operating Model — 380

High — 363
Medium — 361
Low

See Fig. 20D

Fig. 20C

Data for Solutions

Increase AuM — 350
CRM
PMS
Aggregation Tool
Re-engineering
Third Party Research
Training / Hiring Policy
Open Product Platform
Extended Product Range
Reporting Tool
— 382

Improve Pricing — 352
CRM
Pricing / Fee Model — 384

Decrease Cost — 354
CRM
PMS — 386
Re-engineering

Improve Capital Efficiency — 356
Consider In-Outsourcing Options — 388

Fig. 20 D

See Fig. 20C

Data for Graph

/ 196

		Weight
Automatization		**100%**

248 → Profile Assessment	50%	100%
322 → Asset Allocation	75%	100%
324 → Asset Selection	25%	100%
326 → Order Generation	75%	100%
328 → Reporting	25%	100%
Average	**50%**	

301

/ 196

Scalability		**75%**

Profile Assessment	75%	75%
Order Generation	50%	75%
Reporting & Monitoring	50%	75%
Average	**58%**	

/ 196

Out- Insourcing		**50%**

Asset Allocation	75%	50%
Asset Selection	0%	50%
Reporting & Monitoring	0%	50%
Average	**25%**	